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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, TRIPOLI

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TO : THE DEPARTMENT OF STATE, WASHINGTON.

April 19, 1955
DATE

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SUBJECT: Chamber of Deputies in 13th Meeting Passes Libyan-American Reconstruction Commission Bill

EXCISE

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY G. M. Razi DATE 5/6/82
PORTIONS DENIED AS INDICATED

Summary

On Wednesday, March 30, 1955 the Chamber of Deputies of the Libyan Parliament held its 13th meeting of the current session. A summary of the proceedings is transmitted as Enclosure No. 1. The principal points of interest were 1) the discussion and passage of the bill establishing the Libyan-American Reconstruction Commission (LARC); 2) passage of the National Bank bill, 3) an attempt by Cyrenaican members to secure more relief grain for distribution in Cyrenaica, and 4) a question on the recently imposed 5% fee on the duties on imported goods.

1. During the report of the Financial Committee to the Chamber on the LARC bill there was a series of attempts, chiefly on the part of the perennial one-man opposition party, Abdul Aziz Azzugla'i, a Tripolitanian deputy, to bring the Commission, or some part of its organization, powers, and functions, under the control of the Chamber of Deputies. All of these attempts were defeated, and the LARC bill was passed without amendment. The text of the bill as submitted by the Government and passed by the Chamber is not yet available but according to GOL officials has not been materially changed from the original draft sent to the Department with Despatch No. 226 of February 23, 1955. It is interesting to note in the discussions of the LARC bill that the Government and the Chamber agree on the nature of the funds definitely promised to Libya in the economic aid agreement. They are considered a quid-pro-quo and consequently purely Libyan; without the prospect of additional aid, there would be no need for a bi-national commission to supervise the expenditure of the funds. This attitude is a political reality which, in conjunction with the desirability of maintaining a receptive Libyan attitude toward the operating requirements and possible expansion of Air Force installations in Libya, causes the Embassy to feel that an inflexible or overly discouraging U.S. approach to the question of additional aid at the present time would be unwise.

2. The bill establishing a National Bank of Libya was passed by the Chamber at this meeting. The text of the law is not yet available.

3. The third item involved a claim by Cyrenaican members that large numbers of needy Tripolitanians were moving to Cyrenaica in search of a living and had to be supported with relief grain allotted to Cyrenaica. The Embassy knows of no facts

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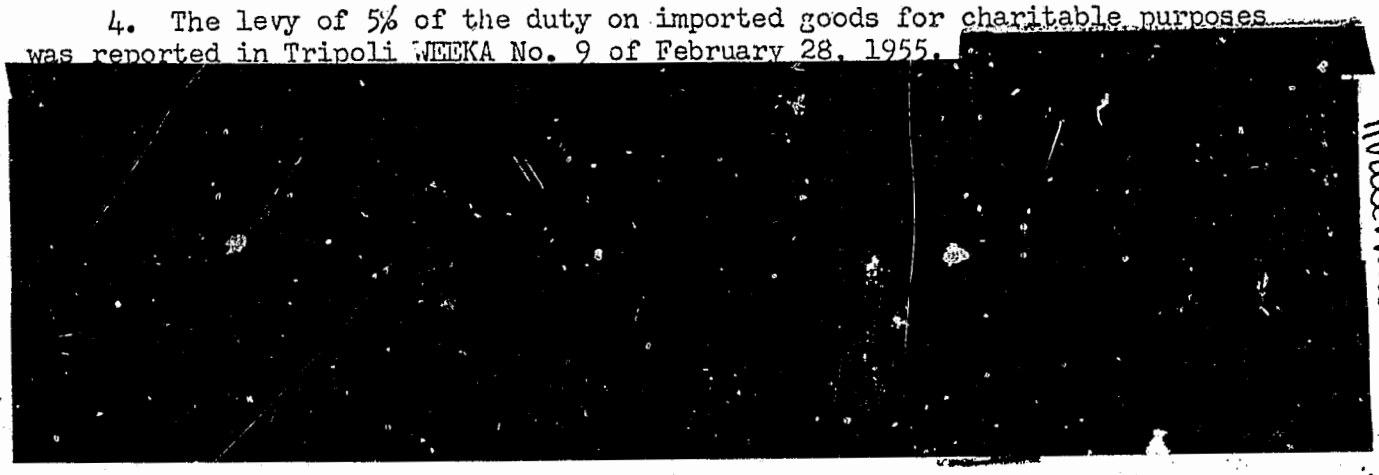
other than the customary tribal movements to support this allegation. It appears to be a continuation of the constant political pressure to divert more relief grain from Tripolitania to Cyrenaica (see Tripoli Despatch No. 168 of January 19, 1955).

4. The levy of 5% of the duty on imported goods for charitable purposes was reported in Tripoli WEEKA No. 9 of February 28, 1955.



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For the Ambassador:

David G. Nes
First Secretary of Embassy

Enclosure:

1 - Summary of proceedings of the 13th Meeting of Chamber of Deputies

Copy to:

AmEmbassy, Benghazi

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The Chamber of Deputies held its 13th meeting on Wednesday, March 30, 1955 at 4 p.m.

The Prime Minister and all members of the Cabinet were present. The agenda of the meeting included the following items:

1. Absent Members

2. Approval of the minutes of the 5th and 6th meetings

3. Correspondence

4. Questions:

   a. from member Saleh Buweisir to the Prime Minister about Libya's position on the Iraqi-Turkish pact, Libya's amount of support or objection to it, and the reasons why Libya did not join the Collective Security Pact or any other related Organ. (Minister's reply deferred)

   b. from member Abdul Aziz Azzugla'i to the Minister of Finance about the levy of 5% of duty on all imported goods. (Minister's reply)

   c. from Saleh Buweisir to the Minister of Finance about the requests for assistance made by the charity organizations and the steps taken by the Government to this effect. (Minister's reply deferred)

   d. from member Mylood Abdullah to the Minister of Finance about the funds allocated for the poor in Cyrenaica and whether they include Tripolitanians living in the Province. (Minister's reply)

5. Reports:

   a. from the Financial Committee on the 1954/55 additional expenditure for the Ministry of Communications.

   b. discussion of Articles 29, 37, and 38 of the National Bank Bill.

   c. from the Defense and Foreign Affairs Committee on Articles 3, 8, and 11 of the Foreign Service Bill.

   d. from the Financial and Economic Committee on the Libyan American Reconstruction Commission.

Under Item 3, Correspondence, the first letter was from the Prime Minister covering the royal decree connected with the bill of the extension of the judicial liquidation period. The bill was referred to the Legislative Committee to be studied and reported on by the Committee during the rest break of the House to enable the Chamber to discuss and decide on the royal decree bill during the same meeting due to its urgent character. Accordingly the Committee met in the recess and made its report to the House recommending approval of the bill. On resuming its meeting the House accepted the Committee's recommendation.

The second letter was on the 1955 currency control bill. The Chair referred it to the Financial Committee.

A third was from the Minister of Finance concerning a ministerial decree on Customs to be put down to the House. The decree was referred to the Financial Committee.

The fourth letter was from the Prime Minister introducing the new Civil Service bill. The Prime Minister in his letter asked the House not to discuss this bill until that of the Foreign Service, certain articles of which are still under discussion, has been processed by the House. The House accepted the request.

Under item 4, Questions, the first was from member Saleh Buweisir to the Prime Minister about the Iraqi-Turkish alliance. Saleh Buweisir, who was absent at this meeting, had sent a letter to the Speaker requesting the postponement of discussion of his question until the next meeting and if possible also the question 4c on which he has certain views he is keen to bring forward before the House. The Chair consulted the House on this request and it was accepted.

The next question was about the levy of 5% of duty on all imported goods. The questioning member said that Article 22 (3) of the Customs Law provides such imposition up to 5% on certain goods for charitable purposes and therefore the levy of this duty on all goods conflicts with the provisions of the law.

- Minister of Finance - I regret to say that the point of the question does not agree with the facts, because the decree imposes an additional duty of 5% of the total of duties due, and not on the proforma invoice. Furthermore, this additional duty does not cover all imported goods. Agricultural equipment and materials for instance are not included. It is to affect mainly luxury goods and not necessity goods.

- Abdul Aziz Azzugla'i - I wonder whether the Minister of Finance considers sugar, rice, oil, and other vital elements as luxury goods, because such elements are affected by the additional duty and as a result the price of oil, for instance, has risen 1½ piasters the kilo, so other foodstuffs too. If this is the case the Minister cannot deny that the cost of living has been affected by this duty increase. I am sorry to say the Minister has not been successful in replying.

- Minister of Finance - This tax increase has been imposed for charitable purposes, to feed and board poor school boys. Its amount is quite negligible; it is only 5% of the total duties due so it cannot affect the market seriously. Furthermore, Article 22 of the Customs Law does not limit the additional duty to luxury goods.

- Azzugla'i - I speak as a merchant and I give facts while the Minister talks about things he does not know and is ignorant about.

The fourth question was about the relief grain sent to Cyrenaica to be distributed to the poor and needy in that Province. The main point in the question is that there are many poor Tripolitanians in Cyrenaica and accordingly the assistance must be increased. The Minister asked for two weeks and the House approved after a hot discussion broke out between Tripolitanian and Cyrenaican members concerning this question. Member Areiqeb said he was surprised that such a question be raised since all Libyans are equal wherever they are and that such a discrimination between a Tripolitanian and a Cyrenaican should not exist, especially in the distribution of relief help to the poor. Then it was made clear that during the last few months the population in the interior of Tripolitania has been trekking towards Cyrenaica and about 30% of them have crossed over in quest of a living and as a result the refugees have been sharing with the Cyrenaican poor the relief grain allotted to the latter Province.

Under item 5, Reports, the first was from the Financial Committee on the 1954/55 additional budget for the Ministry of Communications. The Committee recommends that this expenditure be incorporated into the public budget for 1955/56. The history of the bill is that the meteorological employees of the Ministry of Communications have been paid by the British Ministry of Air. The total amount was £ 12,000 for 1953 and £ 22,000 for 1954. The Air Ministry has recently informed the Libyan Government that from that date on those employees were to be paid by the Ministry of Communications and that the Libyan Government must pay to the British Government £ 34,000 already paid by the latter. The Libyan Government, according to Article 21 (2) of the British-Libyan treaty, believes that these employees are to be paid by the British treasury and on this ground referred the case to the Legislation and Opinions Department to give its opinion.

- Kékhia - If our legal opinion is not in favor of the British claims would they (the British) accept it.

- Minister of Communications - We have put the case in the hands of our legal advisers. If they say otherwise we then impart this opinion to the British. If they accept it good, if not we refer the case to arbitration. Therefore, I ask the House to accept the Committee's recommendation to have this expenditure entered into the public budget so there will be funds budgeted for the purpose in case the legal opinion supports the British claim.

Item 5b was discussion of Articles 29, 37 and 38 of the National Bank Bill which were held over from the previous meeting for explanation in this meeting by the Minister of Finance. The articles were explained and discussed

and then approved by the House.

Item 5c was the report of the Financial Committee on the Libyan American Reconstruction Commission bill. The first article concerning the nature and the status of the Commission was read out and approved. After the reporter read the second article concerning the function and powers and constitution of the Commission, member Abdul Aziz Azzugla'i took the floor:

"I cannot understand the reasons for having such a Commission. I do not see why we must give way to anybody to tell us how we should spend our money."

- Mohamad Azzugaar - I uphold what the fellow member has said. The money is ours and we do not need anybody to tell us how to spend it. If there must be a specially organized body to control this spending of dollars the Americans give us we can have a purely Libyan one. We are not to be slaves to anybody. We are soverèign and free.

- Azzugla'i - If the Government finds it is necessary to have such a commission I suggest that all its proceedings and decisions be subject to the approval of the Chamber of Deputies and in this way the public welfare can be ensured.

- Prime Minister - We are not slaves to the Americans or non-Americans. But we have asked for help and it was given to us. When we went to Washington and explained our situation to them they appreciated our need for help but they said if you want to be helped you must help yourselves first. Therefore they were ready to help if we showed that we mean to help ourselves. This is why we agreed that whatever aid we get from them will be set up for development projects. The money of this Commission is not our money alone, it is not only the 2 or 4 million dollars we get from base rights. Should the case be so, it would have been different and easy and the Government then will be responsible for it towards this House. The money is partly Libyan and partly American. So how can we in this case say to the Americans give us your money and let us spend it as we wish? How can this be possible with others' money? The idea behind the whole thing is to get more aid and in order to get additional aid the other side is to rest assured that we are spending it properly. This is why we formed this Commission of joint and bilateral nature. There are six members, four Libyans including the Chairman, appointed by the Council of Ministers, and two Americans appointed by the U.S. Government. The majority of the Commission is Libyan and the Libyan members are appointed by the Council of Ministers who are responsible to this House. Consequently, the Commission would be indirectly under the control of this House. But to ask for such aid and spend the American funds without letting them have their say in how these funds should be spent will be impracticable. Therefore, I ask the House not to accept the suggestion on the floor. This suggestion implies destruction of our relations with the Americans, it kills the bill, and causes prejudice to the internal interests of both countries.

- Azzugla'i - I put down such a suggestion on the ground that the money of the Commission is partly Libyan and partly American. In the Treaty itself it is stipulated that no aid shall be made available or granted without the decision and approval of the American Congress. The Congress means to see that such aid is spent for valuable projects." We agree with the Congress on this. But we have to have our say also concerning projects. We may feel that there are certain projects which must be carried out in the interest of Libya. This relation between us is a sort of partnership. So we, as the second part, must have our say on the thing. I adjure the House to vote the suggestion which I hold to strongly and unfailingly.

- The Chair - If you have any suggestions to move as a resolution you must submit it in writing.

The member wrote down his suggestion and sent it to the Chair who read it out and put it to a vote. The suggestion reads as follows:

"I move that Article 2 be amended as follows: The funds of the Commission shall not be used except for works of reconstruction and economic development in Libya and the projects for such works shall be subject to the approval of the Chamber of Deputies."

- Prime Minister - The House should keep in mind that if the Chamber approves this resolution it will kill the concept of cooperation underlying the establishment of this Commission and in other words kill the Commission itself.

The resolution was voted down by the House and only four members, including Azzugla'i, Kekhia, and Nuri, voted with it.

Then Article 3 was taken up. It deals with the works and the implementation of projects through Government agencies or semi-official agencies and organizations. The House approved the Article without discussion.

Article four concerns the board of directors. It consists of a Libyan Chairman and three Libyan members appointed by the Libyan Government and two American members appointed by the U.S. Government. They are all unpaid members. The Commission appoints a director and a deputy director for conducting the proceedings of the Commission.

A member asked whether the three Provinces will be represented in the Commission. The Minister of Finance said the constitution of the Commission will be based on qualifications and not on regional considerations.

- Prime Minister - The Commission is a technical body and its functions are technical. There will be only American and Libyan efficiency and qualification in the Commission.

Member As Sunni suggests that the proceedings of the Commission be subject to the control of the Council of Ministers. The Prime Minister asked the member to withdraw his suggestion since the majority of the Commission is of Libyan members who are appointed by the Council of Ministers. The member withdrew his proposal.

During this discussion the member Abdul Aziz Azzugla'i sent another suggestion to the Speaker which reads as follows:

"Article 4 (1) to be amended so that the Commission be composed of a Libyan Chairman and three Libyan members appointed by the Council of Ministers and approved by the Chamber of Deputies."

- Deputy Bisedri - There is no need for such an amendment as long as the Libyan members are appointed by the Council of Ministers who are directly responsible to this House.

- Prime Minister - This new proposal raises the same difficulty as the previous one. The two suggestions imply the same intention and are essentially identical. It implies intervention of the Legislative body into exclusive executive powers.

- Kekhia - I see that the Government tries its utmost to free itself from the Legislative Control. It avoids having the Chamber participate with it on any view or subject. The Prime Minister agreed first that the Americans will not feel at ease to having this Chamber control the Commission's works. This is absurd and it is a barren thinking on the part of the Prime Minister. Should he consult the Americans on this point, he will find that they will not object at all. It seems the Prime Minister has something in the back of his mind. The first and second suggestions are disparate and not similar. If the Americans object that the projects be subject to the approval of this Chamber, I do not think they will object that the appointment of the Libyan members be endorsed by it.

- Minister of Justice - It seems to me that some of the members try to show that the Government does not enjoy the confidence of this House. If this is true, which I doubt, there is only one procedure to follow, to put the confidence to test. But the Government in fact enjoys the confidence of the Chamber and accordingly the Chamber must give the Government a free hand to exercise its executive powers. If the Government cannot appoint members of a certain commission then the Chamber has only one course to follow and that is that the members of the House move in one body to the executive seats and exercise both the legislative and executive powers.

- Azzugla'i - I suggested that the appointment of the Libyan members be subject to the Chamber's approval. If those members have already been appointed it is different. But if they are not appointed I do not think the Americans will object to such limitation.

The second motion was put to voting and was defeated by the House.

Then Article 5 was taken up. It deals with the accountancy of the Commission which is to be audited by the Accountancy Board.

- Azzugla'i - Who is responsible for the accounts?

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- Prime Minister - The Commission is a Government one and therefore the Government is responsible for its accounts.

The reporter (of the Financial Committee) suggests that the Accountancy Board be the controller of the Commission's accounts and not auditor only.

- Prime Minister - Auditing is usually done after execution while control implies supervision prior to execution. The function of the Board of Accountancy is to audit and not to control.

The remaining articles are read out and approved. The Minister of Finance then took the floor and explained the urgent character of the bill and asked the House to vote on it in this meeting. The House accepted the request and decided to vote on both the national bank bill and the Commission bill as approved and amended. The first bill was passed with one abstention only by the member Muntasser who explained he had been absent during the discussion of the bill. The Commission bill was passed with three opposing, namely, Kheiri Khassa, Abdul Aziz Azzugla'i and Mustafa Muntasser.

The House adjourned for next Monday.

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